



MINUTES

PUBLIC UTILITIES, ENERGY, AND TECHNOLOGY INTERIM COMMITTEE

LEGISLATURE

Wednesday, September 18, 2019 | 8:30 a.m. | 25 House Building

Members Present:

Sen. Ronald Winterton, Chair
Rep. Carl R. Albrecht, Chair
Sen. David P. Hinkins
Sen. Derek L. Kitchen
Sen. Ralph Okerlund
Sen. Scott D. Sandall
Rep. Patrice M. Arent
Rep. Walt Brooks
Rep. Scott H. Chew
Rep. Steve R. Christiansen

Rep. Kay J. Christofferson
Rep. Joel Ferry
Rep. Carol Spackman Moss
Rep. Marie H. Poulson
Rep. Jeffrey D. Stenquist
Rep. Keven J. Stratton

Staff Present:

Ms. Sarah J. Balland, Policy Analyst
Ms. Shannon C. Halverson, Associate General Counsel
Ms. Cherish Cosman, Administrative Assistant

Note: A copy of related materials and an audio recording of the meeting can be found at www.le.utah.gov.

Chair Winterton called the meeting to order at 8:35 a.m.

1 . Committee Business

MOTION: Sen. Hinkins moved to approve the minutes for the August 21, 2019 meeting. The motion passed with a vote of 14 - 0 - 2.

Yeas-14

Rep. C. Albrecht
Rep. P. Arent
Rep. W. Brooks
Rep. S. Chew
Rep. S. Christiansen
Rep. K. Christofferson
Rep. J. Ferry
Sen. D. Hinkins
Sen. D. Kitchen
Rep. C. Moss
Sen. R. Okerlund
Rep. M. Poulson
Sen. S. Sandall
Sen. R. Winterton

Nays-0

Absent-2

Rep. J. Stenquist
Rep. K. Stratton

Rep. Christiansen introduced himself to the committee and public.

2 . Wolverine Fuels

[2 - Public Utilities, Energy, and Technology Interim Committee Presentation, Wolverine Fuels](#)

Garret Attwood, Vice President of Commercial Operations, Wolverine Fuels LLC, presented an overview of Wolverine Fuels, its projects, Utah's coal product competitiveness, and the company's contributions to Utah's economy and responded to committee questions.

3 . Electrical Grid Reliability and Public Utilities Rate Design: Integrating New Resources and Programs and Minimizing Impacts



Branden Sudduth, Vice President of Reliability Planning and Performance Analysis, Western Electricity Coordinating Council (WECC), provided background information on WECC, its activities and responsibilities, and urged integrated resource planning to account for the varying behavior of different resource types so as to ensure a reliable electrical grid, and answered questions from the committee.

Thad LeVar, Chair, Public Service Commission (PSC), discussed the PSC's and state utility regulators' role in electrical grid resource regulation and planning, as well as the role of the federal government through WECC and the North American Electric Reliability Corporation surrounding grid reliability standards, compliance, and balance.

[3b - Net Renewable Program Costs and Utility Rate Design, Office of Consumer Services](#)

Michele Beck, Director, Office of Consumer Services, spoke to the costs associated with net renewable resource programs and maintaining a balanced and reliable grid, explained elements of utility rate design, and responded to committee questions.

Chris Parker, Director, Division of Public Utilities, reiterated challenges and considerations related to renewable energy resource integration with an increasingly dynamic grid, discussed impacts and rate design elements, and responded to questions from the committee.

[3c - Renewable Energy and Creating a Dynamic, Flexible Grid, Utah Clean Energy](#)

Sarah Wright, Executive Director, Utah Clean Energy, agreed with the aforementioned costs associated with the renewable energy resource transition, but noted the trending downward costs of solar power purchase agreements over the past decade, optimizing energy use through time-of-use technology and other mechanisms designed to encourage both grid reliability and flexibility.

Mark Tourangeau, Vice President of Business Development, Rocky Mountain Power (RMP), explained RMP's role in maintaining reliable electricity levels, detailed storage integration projects and challenges, and addressed previous comments from other presenters and committee members.

Joelle Stewart, Vice President of Regulation, RMP, discussed increasing time-of-use electricity pricing through metering technology and rate design.

[3d - Impacts of Increased Renewable Energy, Deseret Power](#)

Clay MacArthur, Vice President of Marketing, Deseret Power, reiterated the aforementioned concerns regarding renewable resource integration, specifically impacts on grid reliability due to increased "passive generation resources" and their inherent intermittency that poses challenges to control, followed with committee discussion.

4 . Regional Haze

[4 - Utah Regional Haze, Rocky Mountain Power](#)

Laren Huntsman, Managing Director, Hunter Power Plant, RMP, presented an overview of key factors impacting regional haze, including haze-inducing pollutants and emissions reductions, and answered committee questions.

Jon Cox, Vice President, Government Affairs, RMP, updated the committee on the company's and the Department of Environmental Quality's state implementation plan submitted to the State Air Quality Board and subsequently recommended to the Environmental Protection Agency that promotes regional haze reduction while benefiting consumers, and answered questions from the committee.

5 . Utah's Universal Public Telecommunications Support Fund and Public Utility Regulatory Restricted Account



Chair Winterton announced that, per the chairs' discretion, and in the interest of time and advancing the committee's understanding of the agenda item, the Utah Universal Public Telecommunications Support Fund (also referred to as the Utah Universal Service Fund, or UUSF) and the Public Utility Regulatory Restricted Account (also referred to as the Public Utility Regulation Fee, or PURF) would be split up for the purposes of today's meeting discussion, and that time spent discussing the UUSF and the PURF would be limited.

[5b - Utah Interim Committee on Public Utilities, Energy, and Technology, Leonine Public Affairs](#)

Scott Mackey, Managing Partner, Leonine Public Affairs, representing the wireless cellular industry, discussed telecommunications sector tax increases, the impacts the UUSF has on consumers, advocated for a statutory cap on the size of the UUSF, and responded to committee questions.

Michele Beck explained the UUSF's statutory purpose, advocated for the committee to indicate funding priorities, and responded to committee questions.

Kira M. Slawson, Legal Counsel, Utah Rural Telecom Association (URTA), presented the changes URTA has seen in the past year, spoke against capping the UUSF, discussed the UUSF's regulatory oversight processes, and responded to committee questions followed by committee discussion.

MOTION: Sen. Okerlund moved that the committee not place a statutory cap on the UUSF and instead continue to monitor the fund's performance in order to identify needed changes further into its future.

Committee discussion on the program and the motion continued.

SUBSTITUTE MOTION: Rep. Stratton spoke in favor of the motion, but moved to amend the original motion to include receiving a report detailing specific objectives and goals for the UUSF, inviting the Public Service Commission to further convey its accountability for the future of the UUSF to the committee. The substitute motion passed with a vote of 14 - 0 - 2.

Yeas-14

Rep. C. Albrecht
Rep. P. Arent
Rep. W. Brooks
Rep. S. Chew
Rep. S. Christiansen
Rep. K. Christofferson
Rep. J. Ferry
Sen. D. Hinkins
Sen. D. Kitchen
Sen. R. Okerlund
Sen. S. Sandall
Rep. J. Stenquist
Rep. K. Stratton
Sen. R. Winterton

Nays-0

Absent-2

Rep. C. Moss
Rep. M. Poulson

Committee discussion on the motion and the UUSF continued.

John Cmelak, Vice President of State Tax Policy, Verizon Wireless- Western United States, advocated against unregulated wireless companies not paying into the Public Utilities Regulatory Restricted Account or funding regulatory budget shortfalls due to changing market conditions, and proposed that the Legislature temporarily raise the PURF's rate cap set forth in statute, while authorizing the Division of Public Utilities to conduct a study on other long-term solutions to its budget shortfalls.

Chris Parker reiterated the policy problem, stating that telecommunications industry trends have outpaced current regulatory standards which results in revenue shortfalls within regulatory budgets, and advocated for receiving direction from the Legislature on how to recover those revenues.

Tara Thue, President, Mountain West States, AT&T External and Legislative Affairs, discussed how data is collected in the Public Service Commission's annual UUSF report and advocated for end-user connection reporting.

Jennifer Somers, Director of Government Affairs, CenturyLink, advocated for removing the cost to administrate the UUSF out of the UUSF, spoke to the issue of competitive disadvantage for CenturyLink if the Legislature decides to raise the statutory cap of the PURF, and clarified that CenturyLink also pays into the same emergency 911 funds and taxes that wireless companies do.

Thad LeVar assured the committee that the three agencies funded by the PURF operate rather leanly in their budgets, and committee discussion followed.

Rep. Christofferson suggested an informal working group of shareholders work with committee members to study the PURF item.

Sen. Sandall recommended opening a committee bill file relating to the PURF item followed by committee discussion.

MOTION: Sen. Sandall moved to open a committee bill file to address potential statutory changes to the PURF. The motion passed with a vote of 12 - 0 - 4.

Yeas-12

Rep. C. Albrecht
Rep. P. Arent
Rep. W. Brooks
Rep. S. Chew
Rep. S. Christiansen
Rep. K. Christofferson
Rep. J. Ferry
Sen. D. Hinkins
Sen. S. Sandall
Rep. J. Stenquist
Rep. K. Stratton
Sen. R. Winterton

Nays-0

Absent-4

Sen. D. Kitchen
Rep. C. Moss
Sen. R. Okerlund
Rep. M. Poulson

MOTION: Sen. Sandall moved to adjourn. The motion passed with a vote of 13 - 0 - 3.

Yeas-13

Rep. C. Albrecht
Rep. P. Arent
Rep. W. Brooks
Rep. S. Chew
Rep. S. Christiansen
Rep. K. Christofferson
Rep. J. Ferry
Sen. D. Hinkins
Sen. D. Kitchen
Sen. S. Sandall
Rep. J. Stenquist
Rep. K. Stratton
Sen. R. Winterton

Nays-0

Absent-3

Rep. C. Moss
Sen. R. Okerlund
Rep. M. Poulson

Chair Winterton adjourned the meeting at 11:25 p.m.